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SUBJECT: FORMER PM LEE HAE-CHAN'S VIST TO PYONGYANG: NORTH
READY FOR IMPROVED RELATIONS

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b,d).

11. (C) SUMMARY: Over a March 14 breakfast with the Ambassador, former PM and current Uri lawmaker Lee Hae-chan said that, during his recent four-day trip to Pyongyang, he had told North Korea's number two, Kim Young-nam, that a North-South summit should occur only after concrete progress was made in the Six Party Talks. Lee said he had discussed with his DPRK interlocutors what was needed for further development of the Kaesong Industrial Complex, the possibility of a return to the U.S. of the USS Pueblo, hurdles in the way of improved DPRK-Japan relations, suggested steps to improve human rights in North Korea, the abduction issue (both for Japan and the ROK), the possibility of a visit to North Korea by Kim Dae-jung, and the possibility of a further thawing and progress in U.S.-DPRK relations based on the February 13 "Initial Actions" agreement. According to Lee, the DPRK appears prepared to take actions toward denuclearization in accordance with the February 13 agreement after the BDA issue is resolved. Lee was very positive about the overall attitude of North Korean officials toward the U.S. Lee said he was not in North Korea to prepare for a N-S summit and that any possible N-S summit should be discussed only in May after progress has been made based on the February 13 agreement. Lee emphasized to Kim Young-nam that the U.S. had no intention to attack the DPRK and that President Bush was committed to improved relations with the DPRK based on an "action-for-action" process. He also told DPRK officials that if there were progress on denuclearization and improved relations with the U.S. and Japan, North Korea could receive aid not just from the other five parties, but also from the IMF and World Bank.
END SUMMARY

NORTH KOREA POSITIVE ON SIX PARTY PROCESS, U.S.

12. (C) Former Prime Minister and current Uri Lawmaker Lee Hae-chan told the Ambassador on March 14 that during his March 7-10 trip to Pyongyang, DPRK officials were much less critical of the U.S. than in past visits. Also, propaganda celebrating North Korea's nuclear program was absent from the streets. North Korea has the political will to improve relations with the U.S., he said. North Korea's number two, Vice-Premier Kim Young-nam, told Lee that the Six-Party Talks (6PT) were going very well and he was optimistic about the prospects. Lee told Kim that progress in the 6PT was

important to build trust with the U.S. Kim replied that the DPRK was prepared to take actions that would increase trust with the U.S. after the BDA issue was resolved. Lee said he delivered Ambassador Vershbow's message that President Bush was determined to achieve a nuclear-free Peninsula through diplomacy.

13. (C) Lee said DPRK officials were aware of the U.S. readiness to improve relations with the North and agreed that implementation of the "Initial Actions" agreement was the first task for the DPRK. The Ambassador noted the real test of the DPRK's intentions was whether they would proceed with disablement of their nuclear facilities; he asked if there was discussion of specific progress toward implementation of the second phase of the February 13 agreement. Lee said that he did not discuss specifics of the agreement.

USS PUEBLO

14. (C) Lee went on a tour of the USS Pueblo and asked if North Korea had plans to return the vessel to the U.S. There was no clear commitment to do so from the DPRK officials, but they said that if there was sufficient benefit for the North, the Pueblo could be returned.

KIC

15. (C) DPRK officials told Lee they hoped the first stage of the Kaesong Industrial Complex (KIC) would be completed soon. Lee told the DPRK officials that many in the U.S. thought KIC was a good model for increased economic exchange. Lee added that he thought the current focus on low-cost-labor-focused business was not the best long-term strategy for growth. Rather, the focus should be on bringing high-tech companies into the KIC. Lee said he had told the North Koreans that U.S. high-tech companies would be interested in such investment only after DPRK-U.S. relations improved. Even if all the Six Parties wanted to develop the KIC, if private companies were not engaged, KIC would not succeed. Lee told DPRK officials that the U.S. had made clear that aid would accompany concrete steps toward denuclearization; moreover, it would be not just from the Six Parties but also from the IMF and World Bank.

16. (C) In his conversation with the Ambassador, Lee said he wanted to invite more U.S. lawmakers to visit KIC, and that he would be discussing this with ROK Ambassador to the U.S. Lee Tae-sik. Lee said he thought Kim Jong-il would eventually decide to move toward economic opening to maintain his regime, since he could not feed his people with nuclear weapons.

17. (C) The Ambassador noted that the KIC was still a controversial subject, but as U.S.-DPRK relations improved, U.S. companies might become interested. KIC's development depended on DPRK's commitment to denuclearization.

HUMAN RIGHTS

18. (C) Uri Party Representative Chung Eui-young accompanied Lee to Pyongyang and told DPRK officials that they should engage with international human rights organizations and also should fulfill member obligations to the organizations they had already joined. The Ambassador applauded Lee for raising human rights and added it was important for the ROK to begin discussions bilaterally on the human rights situation in North Korea, in addition to encouraging the DPRK to engage with the UN and other organizations.

NORTH-SOUTH SUMMIT

¶9. (C) Lee told North Korean officials that he could not discuss a North-South summit since he was not an official presidential envoy. If the first stage of the February 13 agreement was implemented, discussion of a summit might be appropriate in May. If at that point the two Koreas decided a summit is needed, there could be an exchange of official envoys. Lee said DPRK officials agreed that this was a reasonable position. Lee said President Roh thought the 6PT had to succeed before a North-South summit could occur and that inter-Korean engagement should be one-half step behind the Six Party process. Former President Kim Dae-jung told Lee before his trip that if the 6PT went well, the goals of peace on the Peninsula and establishment of DPRK-U.S. diplomatic ties could be considered. A North-South summit should be considered only if it could contribute to these goals. If North Koreans felt more secure, they would welcome more North-South and DPRK-U.S. exchanges. The Ambassador asked whether the North would be more interested in a summit in 2008, with the next ROK president. The Ambassador noted that, for the U.S., it was important that any North-South summit help the Six-Party process. Lee said he thought a framework for peace in Northeast Asia should be established before a North-South summit.

KIM DAE-JUNG TRAVELS?

¶10. (C) The Ambassador asked if the DPRK officials had invited former President Kim Dae-jung (DJ) to visit North Korea. Lee said there has been no official invitation and he insisted DJ wanted to visit North Korea only after a possible North-South summit and not before, as the press has reported.

DPRK-JAPAN RELATIONS

¶11. (C) Japan's hard-line position toward North Korea provided justification for the DPRK's nuclear programs, Lee said. The DPRK wanted to improve relations with the U.S. and Japan, but because of the abduction issue, little progress had been made with Tokyo. Kim Jong-il had apologized to Japan for the abductions, sent remains of abductees to Japan and also sent abductees back, so the North did not see a need to accede to any more Japanese demands. Lee was not hopeful Japan-DPRK relations could improve in the near future. The Ambassador said the DPRK needed to take concrete steps such as discussing the disagreement over DNA tests of the remains of Megumi Yokota.

¶12. (C) The Ambassador emphasized there was no direct linkage between the Japan-DPRK talks and the U.S.-DPRK bilateral talks, but said progress on the abduction issue would contribute to the overall Six-Party process and to security in Northeast Asia. Lee said there still were emotionally charged issues between Japan and the DPRK, so relations would take a long time to improve.

ROK ABDUCTEE ISSUE

¶13. (C) Lee said he had told the DPRK officials that the South Korean POW and abductees issue needed to be solved: this was one of his visit's main goals. DPRK officials said they would address this issue at the eighth round of inter-Korean Red Cross talks April 10-12. The April talks would affect the outcome of the Japan abductees meetings, he said. The Ambassador asked if Lee had raised any specific abductee cases. Lee said no specific cases were discussed, but he had told DPRK officials that if POWs were returned, the ROKG would give the prisoners all their back pay. Lee said it was tragic that families had no other recourse than to pay brokers as much as 100,000 USD to bring POWs out of the DPRK; this did not help inter-Korean relations and the

brokers took advantage of the POWs. Lee opined that solving the ROK abductees issue was so sensitive that it could only be dealt with by government officials and not through humanitarian channels. The Ambassador said we should persuade the DPRK to resolve this issue quietly and diplomatically rather than forcing victims' families to use extreme measures - going through China and/or using exploitative brokers - that only inflamed public opinion.

GENERATORS

¶14. (C) The Ambassador said the U.S. was considering the option of providing generators to supply electricity to schools and hospitals as our contribution to the first tranche of energy aid under the February 13 agreement. This support would not only help North Korean people but also show the U.S. commitment to improved ties with the North. We would all understand the DPRK's energy needs more clearly through the energy and economic working group. While the ROK would provide much of the first 50,000 tons of Heavy Fuel Oil (HFO) pledged to the DPRK, the Ambassador said he hoped China and Russia would contribute energy later and that Japan would eventually be ready to pitch in.

FIRST STEPS

¶15. (C) Lee said relations with the U.S. were the top priority for DPRK officials so the stakes were high and this led the DPRK to adopt a more rigid approach to the U.S. since they feared a misstep could lead to their collapse. Therefore, to increase trust, the stronger partner, the U.S., had to take the first actions. The Ambassador said we had demonstrated at the highest level we were committed to an "action-for-action" approach to improved relations in the context of denuclearization.

COMMENT

¶16. (C) Former PM Lee, close to both former President Kim Dae-jung and President Roh, will likely play a central role in coming months as he and Roh work toward a North-South summit. Despite his statements to the contrary, few in South Korea believe Lee did not discuss a North-South summit during his trip to Pyongyang. Many progressives hope that a "North wind" or improved relations with the North can help them gain some ground on GNP presidential front-runners.

VERSHBOW